

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 ACDA-05 SAJ-01 SAM-01 OMB-01

EB-07 TRSE-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AGR-05

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R 151218Z APR 75

FM AMEMBASSY BONN

TO AMEMBASSY LISBON

INFO SECSTATE WASHDC 9398

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

C O N F I D E N T I A L BONN 06043

E.O. 11652: GDS

TAGS: PFOR, ECON, PO, GW

SUBJECT: GERMAN AID TO PORTUGAL

REF: LISBON 2080 (NOTAL)

1. FRG FONOFF TELLS US THAT 70 MILLION DM MENTIONED
REFTEL HAS LONG BEEN AVAILABLE FOR CAPITAL ASSISTANCE
TO PORTUGAL. AFTER CHANCELLOR SCHMIDT INITIATED
WESTERN DEMARCHES TO LISBON IN HOPES OF RESTRAINING
PORTUGAL'S SHIFT TO THE LEFT, HE ASKED FRG OFFICIALS
WHAT HIS GOVERNMENT MIGHT BE ABLE TO DO TO ASSIST
PORTUGAL. THE ONLY CONCRETE ASSISTANCE FRG OFFICIALS
COULD SUGGEST WAS THE 70 MILLION DM FUND FOR CAPITAL
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ASSISTANCE TO PORTUGAL WHICH HAD BEEN PROGRAMMED LONG

BEFORE. FRG DECIDED TO PUBLICIZE AVAILABILITY OF THIS CAPITAL ASSISTANCE IN ORDER TO REFUTE ALLEGATIONS THAT THE WEST WAS ABANDONING PORTUGAL.

2. LIKE OTHER WESTERN GOVERNMENTS WHICH HAVE INDICATED THEIR WILLINGNESS IN PRINCIPLE TO ASSIST THE PORTUGUESE GOVERNMENT, THE FRG HAS FOUND THE GOP TO BE EXTREMELY SLOW IN MAKING CONCRETE REQUESTS FOR HELP. THE ONLY ONE THE FRG HAS THUS FAR RECEIVED WAS A REQUEST FOR ASSISTANCE IN ESTABLISHING A DEVELOPMENT BANK FOR SMALL AND MEDIUM SIZED ENTERPRISES. THIS REQUEST IS CURRENTLY UNDER CONSIDERATION BUT THE PROPOSAL LACKS DETAILS. OUR FRG SOURCE KNEW OF NO PROPOSAL FOR ASSISTANCE GEARED TO IRRIGATION AND ROAD BUILDING.

3. IN A SEPARATE CONVERSATION, DEPUTY ASSISTANT SECRETARY MORAWITZ (ECON MIN) TOLD EMBOFF THAT THE FRG WOULD TRY TO PROVIDE GREATER ACCESS FOR PORTUGUESE TOMATOES AND OTHER AGRICULTURAL PRODUCTS TO EC MARKETS DURING THE APRIL 14 FOREIGN MINISTERS' COUNCIL IN LUXEMBOURG. HOWEVER, THIS INITIATIVE IS BEING OPPOSED BY THE FRENCH AND THE ITALIANS AND SO THE OUTCOME IS DUBIOUS. MORAWITZ SAID THAT THE FRG IS ALSO TRYING TO PERSUADE GERMAN INVESTORS TO REMAIN IN PORTUGAL. ECON MINISTRY IS DISCUSSING SITUATION WITH PARTICULAR GERMAN FIRMS. MORAWITZ NOTED AS AN EXAMPLE THAT BOSCH HAD BEEN PERSUADED TO HOLD UP A DECISION TO PULL OUT OF PORTUGAL. HOWEVER, NEW INVESTMENTS ARE NOT BEING ENCOURAGED, AND, INDEED, THE FRG HAS QUIETLY PUT A STOP TO ISSUANCE OF INVESTMENT GUARANTEES.
HILLENBRAND

NOTE BY OC/T: REFTEL NOT AVAILABLE IN DEPT.

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